Human Resources Development Canada

FORMATIVE EVALUATION OF THE SECTORAL PARTNERSHIP INITIATIVE

Management Report

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Strategic Policy
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[redacted]

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MANAGEMENT RESPONSE OF THE SECTORAL PARTNERSHIP INITIATIVE

The Sectoral Partnership Initiative is an example of a new kind of partnership being forged between the federal government and the private sector. What makes the SPI truly unique is the funding partnership that is fundamental to the approach. This shared ownership must necessarily extend into evaluation of the initiative and is producing, we believe, a new model for evaluation in partnership with the private sector. It has been both challenging and interesting to be part of an initiative breaking new ground.

We are pleased with the progress that the evaluation indicates in a number of important areas. We also strongly support the observations that although the sectoral process is complex and should not be viewed as a quick fix, SPI is a flexible national labour-management partnership approach considered effective by both the public and private sector.

We are of the opinion that the constantly changing environment within HRDC will continue to require fundamental changes to the SPI. As we review this evaluation we are in the process of adjusting the SPI to be in line with the new EI Act, the new government Youth Strategy and the May 28th offer to the provinces. It is obvious that the original objectives outlined in this evaluation do not correspond to the current reality. This remains a problem to be resolved.

We found the suggestions to strengthen the SPI useful and have, in fact, already incorporated them into our strategic plan.

EXECUTIVE SUMMARY

Formative Evaluation of the Sectoral Partnership Initiative

Purpose

The evaluation of the Sectoral Partnership Initiative (SPI) is being conducted as a multi-year evaluation process. There are three consecutive stages to this evaluation: 1) formative; 2) ongoing monitoring and data collection; and summative.

Since most of the sector councils were in the early stages of their operational phase, a formative evaluation was initiated. There were two main objectives for the formative stage of the SPI evaluation. The first was to obtain information which could address various evaluation issues, dealing primarily with rationale and delivery issues. The second was to refine the evaluation issues and to develop a methodology for the later stages of the SPI evaluation. The methodological issues for the later stages of the evaluation are dealt with in a separate document and will not be discussed here.

Background

The five-year (1993/94 to 1997/98) SPI, announced by the Minister of Finance in the Fall 1992 Economic Statement, is a program designed to facilitate the development of a training culture and increase private sector investment in training, in which the federal government will assist the private sector

in developing sectoral partnerships for coordinating human resource management. The SPI now consolidates four functions within one Directorate of Human Resources Development Canada (HRDC), that is the Human Resources Partnerships Directorate: Sectoral Partnerships Delivery Division; Standards, Planning and Analysis Division; Sector Studies Division; and Occupational and Career Development Division. The purpose of the SPI is to challenge industry to work together in a new human resource planning system that will lead to the development of human resources strategies. The SPI is only involved in upside adjustment situations.

A number of important objectives have been set for the Sectoral Partnership Initiative. SPI is designed to encourage the development of new self-sufficient partnerships (sector councils) devoted to long-term human resource planning and development. The key partners in this process include business, labour, government and educational bodies. The SPI, through the sector councils, intends to make important achievements in the human resources area, including:

- building a training culture within individual firms;
- raising awareness of human resource development issues;
- mobilizing workers and employers to take responsibility for training;
- developing and implementing national occupational and skill set standards; and
- leveraging greater training effort by the private sector.

Each sector council is not expected to meet all of SPI's objectives. In addition, the Initiative is evolving and these original objectives are currently being supplemented, with greater emphasis now being given to creating systemic changes in human resources (HR) practices (e.g., establishing national industry training standards and programs with educational institutions).

When a sector becomes a participant in the SPI, the first step in the development of a sectoral agreement is generally a sector study. Following the sector study, the sector may enter into a developmental phase which lasts up to one year, during which a business plan for the sector council is prepared. If the business plan is approved by HRDC, the council is instituted and enters a three year operational phase.

During the three years of the operational phase, the council receives funding on a declining cost-shared basis from HRDC through an operational contribution agreement. The funds provided are intended to cover the administrative costs of running the council. At the end of the three years of the operational phase, the council is expected to be financially self-sufficient in terms of its core operational costs.

In addition to receiving funds to defray the costs of instituting and operating the council, many sectors enter into additional agreements with HRDC to fund specific human resource development initiatives. These agreements include Skills Upgrading projects, Occupational/Skill Standards projects and Youth Initiatives.

As of the fall of 1995, there were 18 operational sector councils and three sector councils at the developmental stage. An important feature of sector council delivery is the joint labour-management design and delivery of programs and services. The programs and services offered by the sector councils represent a continuum of occupational standards development and training implementation.

The diversity in the sector councils is reflected in the nature of their programs and services, organizational structures (e.g., regional organization versus centralized structures), the partnerships developed, and the types of workers served. Some sector councils have focused on the needs of large and small companies while others have focused on the needs of small companies or large companies only. This is sometimes dictated by the nature of the industry. Some industries are comprised almost exclusively of large companies while others are characterized by smaller firms.

There are differences in the types of workers served among the sector councils. While most sector councils focus on the broader workforce within their sector, some sector councils target specific occupational groups. These sector councils are typically cross-sectoral councils, structured around a specific occupation or type of employment, or even a particular segment of the labour market.

The original budget for the SPI, fiscal years 1993/94 to 1997/98, was $250 million, however, after various budget reductions the five-year budget as of November 14, 1995 stood at $135 million (O&M and contribution program dollars combined). Total expenditures (contribution dollars) under SPI were approximately $42.7 million at that time.

Methodology

This formative evaluation was largely based on a case study approach, each of eleven selected sector councils serving as a single case. However, other lines of evidence were also used, including:

- key informant interviews;
- document and file reviews;
- discussion groups with council staff and members of the board;
- surveys and focus groups with employers and employees; and
- analysis of administrative data.

Problems encountered by one sector council may not have been encountered by others, and rarely by all sector councils, making generalizations difficult. The emphasis in this report is on learning from these observations rather than a quantitative counting of problems or benefits.

It is also important to recognize that the sector councils are in different stages of their operational phase. Some sector councils are still in the process of developing their products and services, others are just beginning the "marketing" phase to encourage firms and workers to participate, while others have had participants in their programs and services for more than a year. The different stages of implementation for the sector councils profoundly affect the results that could be observed during the formative stage of the evaluation. It should also be noted that the case studies reflect the situation for a sector council at the time the case study was completed. Since the case studies were conducted at various points in time during the formative evaluation, the information may not be completely up-to-date in every case.

Key Findings and Conclusions

Rationale

Relevance to Sectoral Needs

The rationale for the SPI is still valid and relevant to sectoral HR issues. The flexible, national, labour-management partnership approach is considered effective by both the private and public sector. The joint labour-management approach is also supported by existing research on HR practices. The flexible approach, which allows each sector to define its HR needs and the appropriate actions to be taken, implies that not all of SPI's objectives or priorities may be addressed or even relevant in each sector council. Overall, however, there is a good match between the sector council needs and government priorities for human resources development practices.

Adapting To Change

Generally, the sector councils are very willing to respond to new government initiatives. Not all sector councils have been able to respond to changing government priorities and the new initiatives launched under the SPI. Introducing new initiatives can interfere with meeting original plans and timetables of sector councils. The sector councils emphasised the need for the government to be flexible, allowing each sector council to respond to new government priorities according to each sector's needs and resources. SPI management stated that the intention of SPI is only to pursue new initiatives when there is a match between the sector council's needs and SPI.

Match Between SPI and Sector Council Objectives

There appears to be a good match between the objectives of the sectoral agreements and the SPI. Except for the process and delivery results, however, the linkages between the goals and objectives of SPI and the sector councils are not specified in the agreements. There should be a statement

of intent regarding employability and firm level impacts in the agreements to clarify expectations for meeting SPI's broader objectives.

Public Support

SPI resonates well with the public agenda of a non-politicized approach to human resource programs and practices. Surveys of the general public reveal that public support for lifelong learning and the partnership approach is high. The public are less concerned about who is responsible for training and more concerned about getting something done.

Delivery Results

The SPI Process

There is some frustration with the administration of the SPI, however, sector councils' opinions about SPI management and staff are very positive. SPI representatives were viewed as very efficient, professional and helpful. Sector councils would like to see even more services provided by SPI representatives, including information on lessons learned and a simplified methodology for updating HR studies.

From the standpoint of sector councils, there are a number of possible changes in the administration of the SPI that would either benefit the sector councils or improve the process, including:

- ❒ providing a clear understanding of SPI policies and procedures, particularly at the developmental stage;
- ❒ providing a clear statement of SPI objectives and expectations for each sector council in the agreements;
- ❒ providing a precise statement of the self-sufficiency requirement in the sector council agreements;
- ❒ in some instances, developing a transition period between the HR study and the developmental agreement to formalize partnerships, prepare potential strategies etc., early in the process; and
- ❒ developing a better match between the financial cash flow and expenditures of the sector councils and the (currently declining) payment schedule, although core self-sufficiency must be attained.

SPI management noted that the lack of guidelines and definitions stemmed from the fact that the program itself was evolving and it was a learning situation for the sector councils and program management. SPI management also intends to keep SPI flexible, even if it means some degree of ambiguity persists.

Design and Delivery

There is a wide diversity and innovation of programs and delivery mechanisms as a result of the sectoral partnership approach. It is unlikely that a single traditional government program could have yielded such diversity and innovation. This diversity reflects the different perceived needs within each sector. The diversity will provide an opportunity to explore how different types of programs and services meet the needs of labour and management in a variety of labour markets. This diversity could also lead to duplication of effort and it is important for the sector councils to maintain their lines of communication and for SPI to provide information on the lessons learned.

One of the most important characteristics of the delivery is the joint labour-management design and delivery of the programs and services. The joint labour-management process has worked exceptionally well in many sectors considering the different objectives of these stakeholders and the often long history of an adversarial relationship in their labour-management negotiations. In some cases, however, differences between labour and management continue to hamper progress.

Significant progress was found in product development and firm-level take-up. These results vary substantially by sector councils, although progress consistently lags behind original plans. The sectoral partnership approach is a complex process and should not be viewed as a quick fix.

One area of improvement could be in the marketing efforts for the sector councils' products and services. Sometimes so much effort is required to develop the products and services that, excluding the initial needs assessment, not much effort is expended on developing marketing plans and strategies until after the products are near completion. Leaving a large gap in the marketing activities, between the time the needs assessment is completed and the product development, can create another lag in the take-up of programs and services in the sector. HRDC is currently exploring HRDC's and sectors' needs regarding communications strategies.

Equity Issues

Few sector councils have implemented any employment equity initiatives despite the requirement with the sector council agreements to address employment equity issues. Although more equity initiatives are also being developed in conjunction with the Youth Initiatives, more resources should be devoted to identifying opportunities to incorporate employment equity initiatives during program design. In order to increase employment equity activity undertaken by the national sectoral organizations, an employment equity committee has been formed within the Human Resources Partnerships Directorate at HRDC.

Systemic Change

There is evidence of systemic change in HR practices as a result of the SPI initiative. The joint participation of labour and management in the sectoral initiatives is a profound shift in the way in which HR practices have been developed and implemented in the past. In some cases, educational institutions have become more responsive to the needs of the sectors, changing long standing approaches to the design of courses and the awarding of credits. Many of the stakeholders believe that jurisdictional boundaries are being broken down because programs and services delivered by sector councils are industry driven and are not designed by any level of government.

Self-Sufficiency

There is a strong rationale for promoting self-sufficiency among the sector councils. Some sector councils have achieved core operational self-sufficiency and the evidence suggests that most sector councils could achieve core operational self-sufficiency, although most will not meet their original cash flow projections. Several factors contribute to the deviations from the original cash flow projections for the sector councils, including delays in implementing programs and services and responding to new government initiatives. The ability to design and implement products and services and the ability to become self-sufficient are two different measures of success. If a sector council has had difficultly designing and implementing programs and services, this is not a self-sufficiency issue, it is a delivery or relevance issue.

1 INTRODUCTION

1.1 Background and Goals of the Sectoral Partnership Initiative

Background

The five-year (1993/94 to 1997/98) Sectoral Partnership Initiative (SPI), announced by the Minister of Finance in the Fall 1992 Economic Statement, is a program designed to facilitate the development of a training culture and increase private sector investment in training, in which the federal government will assist the private sector in developing sectoral partnerships for coordinating human resource management. The SPI now consolidates four functions within one Directorate of HRDC, that is the Human Resources Partnerships Directorate: Sectoral Partnerships Delivery Division; Standards, Planning and Analysis Division; Sector Studies Division; and Occupational and Career Development Division. The purpose of the SPI is to challenge industry to work together in a new human resource planning system that will lead to the development of human resources strategies. The SPI is only involved in upside adjustment situations.

Goals of the Sectoral Partnership Initiative

A number of important goals or objectives have been set for the Sectoral Partnership Initiative. The original goals of the Initiative, as identified in internal documents, are as follows:

1. To leverage greater training effort by the private sector.

2. To improve access to economic opportunity through better skills.

3. To help workers in industries facing economic restructuring adapt to change.

4. To encourage the creating of new self-sufficient partnerships devoted to long-term human resource planning and development. The key stakeholders in this process include:

   - ❒ business and labour (private sector);
   - ❒ other federal government departments;
   - ❒ provincial governments; and
   - ❒ educational bodies.

   Their purpose is to:

   - ❒ build a training culture within individual firms;
   - ❒ raise awareness of human resource development issues;
   - ❒ mobilize workers and employers to take responsibility for training; and
   - ❒ focus on particular concerns of small and medium firms.

5. To provide a quantitative information base to assist sectors in identifying and planning for skills of the future.

6. To develop and implement occupational and skill set standards which lead to a better functioning of the labour market.

Each sector council is not expected to meet all of SPI's objectives. In addition, the Initiative is evolving and these original objectives are currently being supplemented, with greater emphasis now being given to creating systemic changes in HR practices (see Appendix A).

The SPI Process

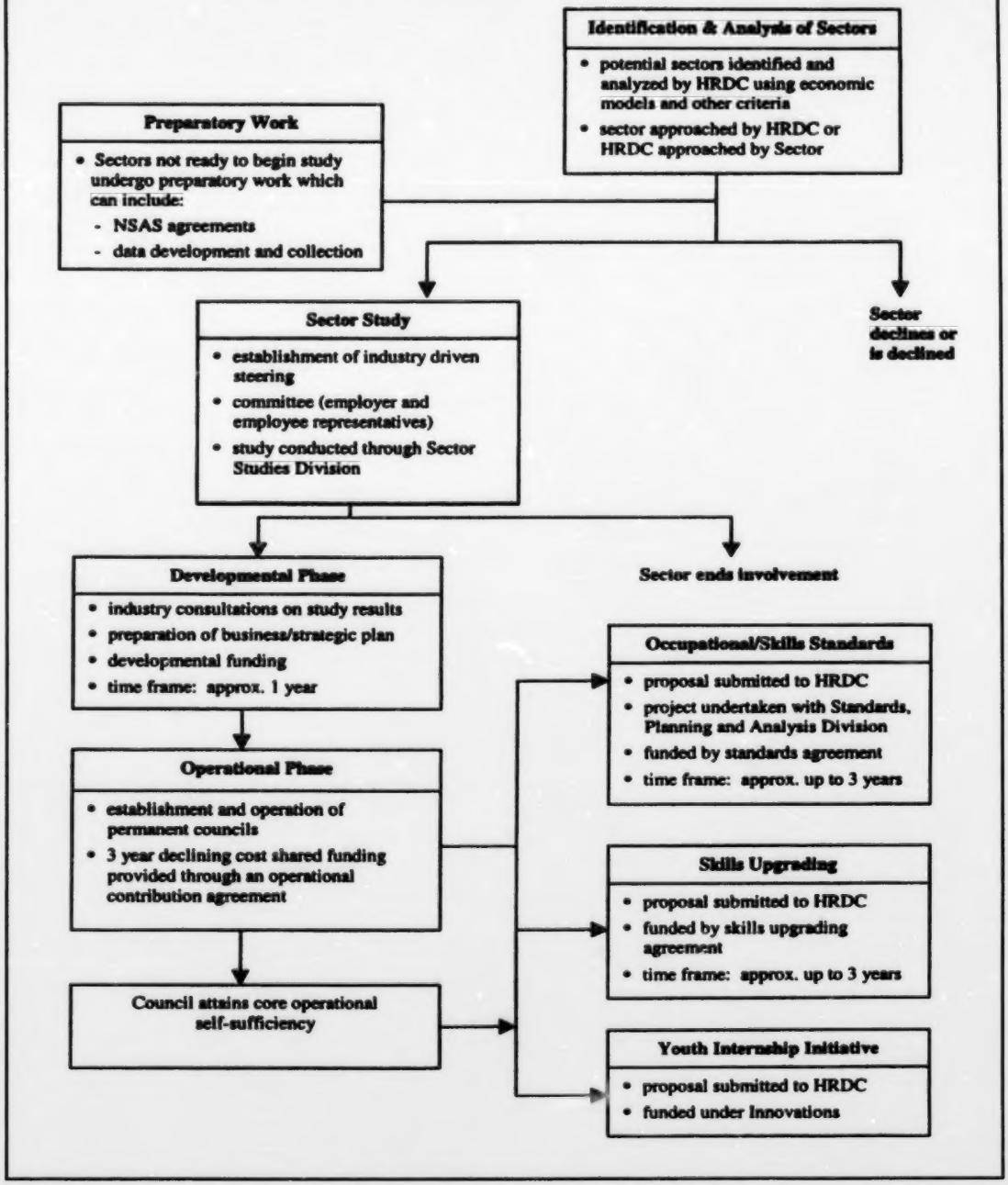
Given the unique nature and needs of each sector, the process by which sectoral partnerships develop varies somewhat from sector to sector. Each partnership initiative, however, passes through several phases of development. Exhibit 1.1 presents the typical process of development for a sectoral agreement. It is important to note, however, that the development process is not strictly linear, and that the process can be altered to accommodate the specific needs of a sector. In the following text, the SPI process will be briefly summarized. A detailed description of this process is provided in Appendix B.

Before a sector begins the process of development, it must be selected and approved for inclusion in the SPI. All potential sectors are reviewed by a selection board or committee, which is made up of the Directors from divisions within the Human Resources Partnerships (HRP) Directorate: Sectoral Partnerships Delivery Division; Standards, Planning and Analysis Division; Sector Studies Division; and Occupational and Career Development Division.

When a sector becomes a participant in the SPI, the first step in the development of a sectoral agreement is generally a sector study. If the sector is not yet prepared to undertake this type of study (e.g., little consensus or existing partnerships), HRDC may start the sector with some preparatory work, including a National Sectoral Adjustment Service (NSAS) agreement or some initial data development and collection.

Currently, most sector studies are performed by the Sector Studies Division. Sector studies can be conducted through other sources (e.g., industry or government) but the study must be validated by the Sector Studies Division. While sector studies are funded and conducted through HRDC, the sector is involved throughout the process as members of a steering committee guiding the study project.

Exhibit B.1: The Sectoral Partnership Initiative Process of Development for Sectoral Agreements


Identification & Analysis of Sectors
• potential sectors identified and analyzed by HRDC using economic models and other criteria
• sector approached by HRDC or HRDC approached by Sector
Preparatory Work
• Sectors not ready to begin study undergo preparatory work which can include:
- NSAS agreements
- data development and collection
Sector declines or is declined
Sector Study
• establishment of industry driven steering
• committee (employer and employee representatives)
• study conducted through Sector Studies Division
Developmental Phase
• industry consultations on study results
• preparation of business/strategic plan
• developmental funding
• time frame: approx. 1 year
Sector ends involvement
Operational Phase
• establishment and operation of permanent councils
• 3 year declining cost shared funding provided through an operational contribution agreement
Council attains core operational self-sufficiency
Occupational/Skills Standards
• proposal submitted to HRDC
• project undertaken with Standards, Planning and Analysis Division
• funded by standards agreement
• time frame: approx. up to 3 years
Skills Upgrading
• proposal submitted to HRDC
• funded by skills upgrading agreement
• time frame: approx. up to 3 years
Youth Internship Initiative
• proposal submitted to HRDC
• funded under Innovations

If the results of the sector study clearly identify the need for a sectoral approach to address human resource needs, the sector typically proceeds to a developmental phase. The sector may also choose to end its involvement with the SPI following the completion of the study, or may choose to pursue an alternate process or intervention (such as a National Sectoral Adjustment Service agreement).

The developmental phase lasts up to one year, during which HRDC provides funding through a SPI contribution agreement to cover the costs of developing the sector council. Typically, the steering committee involved in the sector study phase spearheads the developmental phase as well. The developmental phase usually involves industry consultation regarding the results of the sector study, and the development of a business plan for the sector council. If the resulting business plan meets both HRDC requirements for the SPI, and the sector's needs and objectives, the council is instituted and enters a three year operational phase.

During the three years of the operational phase, the council receives funding on a declining cost-shared basis from HRP through an operational contribution agreement. The funds provided are intended to cover the administrative costs of running the council. The sector councils consist of a Board of Directors with equal representation of labour and management. The sector councils also have a small core paid staff, typically consisting of an executive director and the staff necessary to implement the services and programs approved by the sector council's board. At the end of the three years of the operational phase, the councils are expected to be financially self-sufficient in terms of their core operational costs.

In addition to receiving funds to defray the costs of instituting and operating the council, many sectors enter into additional agreements with HRDC to fund specific human resource development initiatives. These agreements include Skills Upgrading projects, Occupational/Skill Standards projects and Youth Initiatives. Funding for Skills Upgrading and Occupational/Skills Standards is also provided through SPI contribution agreements. Proposals for these projects are submitted to the HRP Directorate by the sectors. Agreements for these projects are also typically for a three year duration. Occupational/ Skills Standards projects are undertaken with the assistance of the Standards, Planning and Analysis Division, the HRDC standards specialists.

In addition to Skills Upgrading and Occupational Standards projects, sectors are now eligible for funding of projects under the new Youth Internship Initiative (1994/95 to 1997/98). These projects include the development of internship programs to ease the school to work transition and better prepare new entrants for jobs in the participating sectors. While the funding for the Youth Internship Program does not come from the SPI budget, the Youth Internship Initiative is expected to be an important vehicle for many sectoral agreements.

SPI Budget

The original budget for the SPI, fiscal years 1993/94 to 1997/98, was $250 million, however, after various budget reductions the five-year budget as of November 14, 1995 stood at $135 million (O&M and contribution program dollars combined). This latter budgetary figure excludes the $45 million for the sectoral component of Youth Internship and budget allocations for the National Sectoral Adjustment Service (NSAS) funding and initial A-base funding.

Exhibit 1.2 presents the SPI contribution expenditures since the inception of the program. As at November 14, 1995, total program contributions under SPI were approximately $42.7 million. The majority of the expenditures have been for funding council operations, $22.8 million, and Skills Upgrading agreements, $16.8 million. Expenditures under the Occupational Standards agreements have been only $3.1 million. These expenditures do not include the $9.4 million in Youth Internship contributions and $10.5 million in NSAS funding for SPI-related activities. Although the NSAS and Youth Internship expenditures do not come from the SPI budget, SPI management considers these expenditures integral to their approach to sectoral activities. As of the fall of 1995, there were 18 operational sector councils and three sector councils at the developmental stage[1].

1. A complete listing of the sector councils is provided in Appendix C.

EXHIBIT 1.2
SPI Expenditures
($000s)

Program Funds	Fiscal Year			Total
	1993/94	1994/95	1995/96[1]	
Council funding	$9,643	$8,965	$4,169	$22,777
Skills upgrading	$5,047	$7,576	$4,189	$16,812
Occupational standards	–	$1,475	$1,660	$3,135
Total	$14,690	$18,016	$10,018	$42,724

1. As of November 14, 1995

1.2 Evaluation Issues and Methodology

Since most of the sector councils were in the early stages of their operational phase, a formative evaluation was initiated. There were two main objectives for the formative stage of the Sectoral Partnership Initiative evaluation. The first was to obtain information which could address various evaluation issues, dealing primarily with rationale and delivery issues (see below). A detailed listing and description of the evaluation issues is provided in Appendix D. It should be noted that these issues cover the overall evaluation and not only the evaluation issues for the formative part.

(a) Rationale Issues

- ❒ Are the Sectoral Partnership Initiative and sectoral agreements relevant to current and evolving sectoral needs?
- ❒ Are the goals and the objectives of the sectoral agreements consistent with the SPI?
- ❒ Are the lines of accountability clearly understood and agreed upon?
- ❒ Is the Initiative's current design plausible?

(b) Delivery Issues

- ❒ Have the intended outputs of the sectoral agreements been achieved?
- ❒ Have the sectoral agreements produced effective partnerships?
- ❒ Have the sectoral agreements led to appropriate and effective human resource development programs and practices?
- ❒ Are sectors becoming financially self-sufficient over time?
- ❒ What level of awareness and outreach has SPI achieved?
- ❒ What level of awareness and outreach have sectoral agreements achieved?

The second objective was to refine the evaluation issues and to develop a methodology for the later stages of the SPI evaluation, the ongoing monitoring and the summative evaluation. The methodological issues for the later stages of the evaluation are dealt with in a separate document and will not be discussed in this Management Report.

To achieve the objectives of the formative stage of the SPI evaluation, multiple lines of evidence were used, including:

- ❒ key informant interviews;
- ❒ document and file reviews;
- ❒ discussion groups with council staff and members of the board;
- ❒ surveys and focus groups with employers and employees;
- ❒ analysis of administrative data; and
- ❒ case studies of eleven sector councils[2].

This formative evaluation was largely based on a case study approach, each of eleven selected sector councils serving as a single case. Problems encountered by one sector council may not have been encountered by others, and rarely by all sector councils, making generalizations difficult. A quantitative counting of problems or benefits is not as important as learning from these observations.

It is also important to recognize that the sector councils were in different stages of their operational phase. Some sector councils were still in the process of developing their products and services, others were just beginning the "marketing" phase to encourage firms and workers to participate,

2. Sector councils included in the case studies are identified in Appendix C.

while other sector councils have had participants in their programs and services for more than a year. The different stages of implementation for the sector councils profoundly affect the results that could be observed during the formative stage of the evaluation. It should also be noted that the case studies reflect the situation for a sector council at the time the case study was completed. Since the case studies were conducted at various points in time during the formative evaluation, the information may not be completely up-to-date in every case.

1.3 Organization of the Report

The findings for the formative stage of the SPI evaluation are organized according to two key issue areas listed below:

- rationale; and
- delivery results.

The nature of a formative evaluation dictates that only the rationale and delivery issues will be discussed. Information collected on the remaining issues (i.e. efficiency, effectiveness and alternatives) was too limited to be included in this report.

CHAPTER

2 RATIONALE

2.1 Relevance of the SPI to Sectoral Needs

The first rationale question concerns the extent to which the SPI is relevant to the needs of the sectors. The overall consensus to date on the relevance of the SPI is positive. Representatives of operational sectoral councils give the SPI a positive review, stating that the Initiative is very relevant to the needs of their sector. The general view of respondents is that the SPI is very flexible, and is able to accommodate a wide variety of sectoral needs. The national partnership approach is viewed to be extremely effective, and the SPI to be a timely and appropriate policy. It is felt that the Initiative puts responsibility directly in the hands of the industry where it belongs.

There is also a general consensus amongst respondents that the councils, or the activities of the councils, would not be realized without the support and funding of the SPI.

There are only a few cases where respondents felt that the SPI does not respond entirely to all sectoral human resource development needs. In particular, representatives of two councils expressed concern that the SPI did not enable their council to address the downside adjustment issues within their sector. Both had identified the need to provide adjustment services and/or re-training to laid-off workers to assist them in finding new employment or to prepare them to re-enter the industry as opportunities

emerge. Not all councils view the downside issues to be an important focus for their sector since they are currently experiencing growth rather than a decline. Other sector councils are not eager to attempt developing a downside adjustment program when faced with significant challenges in the implementation of upside adjustment programs and services.

SPI management has not been unwilling to respond to downside adjustment needs with the sectors. Currently, downside adjustment is not part of the SPI mandate. The broader question is then: should support for downside adjustment activities be incorporated into the SPI mandate?

One argument for the integration of downside and upside adjustment activities is the somewhat artificial distinction between these two concepts. Frequently downside and upside adjustment occur simultaneously within a firm and have the same underlying cause. There are few facts, however, to support or negate an argument for the integration of downside and upside adjustment activities under SPI. The only sectorally designed and delivered downside adjustment program found is provided by CSTEC. Although the funding sources are not integrated, CSTEC decided to integrate the separate committees established for the downside and upside adjustment programs under one joint labour-management committee. In addition to the efficiency gains of not having two separate committees meet, CSTEC views the upside and downside activities to be logically linked and has instituted plans that will see even more linkages between the two. The needs assessment conducted for the planning of upside training activities will be imported into the CSTEC Labour Adjustment System (CLAS) if a worker is laid off. This linkage of the two information systems will substantially reduce the costs associated with the needs assessments for the downside adjustment activities. Training costs for laid off workers may also be reduced since college credits received from CSTEC's prior learning recognition and the Skills Training Program will be transferrable to any college credit program.

Although most sector councils do not specifically have a downside adjustment program, the programs and services provided to workers while employed may assist these workers if they are laid off. The generic portable training should improve their re-employment prospects. For councils that have received recognition of their training courses or prior learning assessments by colleges, the college credits earned for participation in the upside training will reduce the amount of time and costs for completing college courses as part of downside adjustment training.

Other council representatives mentioned that they had originally defined needs which were not applicable to the SPI, but which have since been incorporated into the mandate of Youth Internship. For example, in the original plan, a sector council had identified the need to improve its image as a workplace and to supply new entrants to the sector, and a subsequent project has been designed under the Youth Internship Initiative to address this issue.

Respondents from a small number of sectors (two in particular) indicated that HRDC priorities for councils do not necessarily match sectoral priorities. For example, while occupational standards were identified as a potential need in one sector study, interview respondents indicated that employers within the sector are not at all interested in seeing standards developed. Similarly, representatives of one council felt that the Youth Internship Initiative was inappropriate for their sector given that significant downsizing and lay offs were occurring, even though this initiative is a government priority and the council had been encouraged to consider developing youth projects by HRDC.

SPI management stated that HRDC and a sector have moved forward on initiatives where the government agenda and the sector agenda have overlapped. In areas such as the Youth initiative, SPI did not force sectors into activities if the sector did not feel the sector's needs and agenda at that time corresponded to the initiative. SPI management has intended the SPI approach to be one of flexibility, tailoring a sector's response to human resource issues, and HRDC assistance, based on the circumstances of that sector.

The above observations by the sector councils do not negate the earlier point that there is a good match between the SPI and the needs of the sectors, they simply highlight that not all sectors share the same needs and are not always able to respond to specific government priorities. The sector councils emphasize the need for the government to be flexible, allowing each sector council to respond to new government priorities according to each sector's needs and resources.

One potential negative consequence of responding to new government initiatives is that the current activities of the sector councils could be delayed while new activities are planned and implemented. Sector councils feel this to be an important consideration in light of the three year self-sufficiency requirement. As one HRDC representative noted, responding to the changing priorities of

HRDC could hamper the ability of the sector councils to meet their original commitments under the sectoral agreements.

Representatives of the inactive sectors indicated that while the SPI had been relevant to the need of the sector, the Initiative had not been pursued for a variety of reasons not related to the Initiative itself, including a lack of industry interest or other issues within the industry taking a higher priority compared to human resource development.

Changing Sectoral Needs Over Time

There is demonstrated flexibility in SPI's response to the needs of the sector councils as evidenced by additional agreements being signed to expand operational activities of the sector councils. However, it is unclear how requirements for a change in the sectoral agreements are signalled. How does a sector council establish a change in needs in the sector? Is a new or updated sector study required? The answers to these questions are not clearly defined, nor perhaps can they be. There does appear to be a need for a simplified methodology for updating the human resources (HR) information of an industry.

Sectoral training and human resource development needs change over time as the industry evolves. Some sector studies are already out of date. For example, the original sector studies conducted for the textiles and software sectors are outdated, and councils for both these sectors are updating the studies with new surveys of employers. These studies are both attempting to update the original needs analysis.

Maintaining constant contact with the sector and with current needs is an important objective for the sectoral councils. Open lines of communication with the sector and board members who are actively working in the sector or "on the shop floor" (both employees and employers) are all very important to ensure that the activities and initiatives of the council remain current.

2.2 Relevance of the Sector Agreements and Sector Councils to SPI Goals and Objectives

At first glance the answer to this question appears obvious. Since many of the sector councils came into existence as a result of the SPI and the sectoral agreements are negotiated by SPI management, there should have been a good match between the goals and objectives of the sectoral agreements and the SPI. While this is generally true in terms of the process and delivery results, it is not a foregone conclusion in terms of longer term outcomes. The sector councils view the outcomes they are accountable for as the deliverables specified in their agreements. The sector councils, while acknowledging the importance of employability outcomes and firm level impacts (which were not specified directly in their agreements), feel evaluating the success of their sector agreements in terms of these outcomes was effectively changing the nature of the agreement. Some key informants stated there should be a statement of intent regarding employability and firm level impacts in the agreements to clarify expectations for meeting SPI's broader objectives.

Some sector councils note that the "results oriented" statements in the sector agreements are a positive aspect of their contractual agreement under SPI. This comment refers to the agreements focusing on what results are to be achieved and not an itemized description of how to implement the agreement. This provides greater flexibility for the sector councils to implement delivery mechanisms that meet the needs of their clientele. However, this must be balanced with the government's need to be fiscally responsible. As noted earlier, though, the agreements do not make any results oriented statements in terms employability or firm level impacts.

2.3 Lines of Accountability

Generally, the councils perceive themselves to be accountable to HRDC based on the funding agreements signed. They do not perceive themselves to be accountable for delivering the full range of intended impacts and effects of the SPI. Each council is responding to different needs and has

a different set of objectives and activities. As one sector council representative indicated, they perceive themselves to be "of the sector and for the sector" and are accountable to deliver on sectoral requirements and not HRDC requirements. There is a need, however, to balance this with HRDC's accountability to the public.

The councils also expect to be accountable to spend HRDC money in an efficient and effective manner but to make the decisions regarding needs and projects in cooperation with the sector. Councils also expect to make decisions regarding how funds will be allocated to meet sectoral needs.

Many sector councils state that they cannot be held responsible for all the intended impacts of the SPI as their activities and objectives do not correspond to the full range of HRDC objectives. For example, where a council does not intend to develop occupational standards, they cannot be held accountable for impacts relating to standards.

2.4 Plausibility and Relevance of the SPI

The basic underlying logic of SPI is plausible both in terms of achieving its intended impacts and effects, and its relevance to public policy. Investment in human capital in the workplace has been argued to be essential for improving the personal situation of workers and advancing the interests of firms simultaneously. Some sector councils clearly acknowledge that there are different interests or agenda for the employers and employees in their statement of objectives or related documents. Human capital investment is one area where the different interests of the worker and the firm can be met through common solutions.

The joint labour-management approach is supported by the empirical literature since one common theme for successful human capital investment has been joint involvement of labour and management in HR decisions. The sectoral initiative provides a forum for developing HR strategies that make sense from both the perspective of the worker and the firm, an ingredient which, theoretically, should yield positive results.

Building better standards and training curricula alone will not lead to increased participation. A "buy in" from both industry and the workers is necessary to ensure participation. A sectoral approach cannot guarantee a "buy in" across the sector, but unilateral decision making is even less likely to succeed. Take-up will be one of the best indicators of success.

Public Support

Recent surveys have confirmed that public support for lifelong learning is extremely high and there is strong public support for the partnership approach.[3] In fact, the public are less concerned about who takes responsibility for education and training and more concerned about getting something done. The SPI approach, which attempts to depoliticize training and focuses on joint solutions, resonates very well with the general public.

The general public also views self-investment as a key principle in lifelong learning. This would indicate that there is strong support for the SPI approach which includes greater involvement and financial support from the industry.

3. Ekos Research Associates Inc., *Rethinking Government*, 1995.

CHAPTER

3 DELIVERY RESULTS

This section of the report highlights the SPI and sector council delivery results. The delivery results have been organized according to the following categories:

- satisfaction with the SPI process;
- adequacy of the agreements;
- design and structure of the sector councils;
- awareness and take-up;
- systemic change;
- equity issues; and
- self-sufficiency.

3.1 Satisfaction with the SPI Agreement Approval Process

While some sector council representatives expressed frustration with the overall clarity of the policy and its administration, opinions about SPI management and staff are very positive. The SPI representatives are viewed as very efficient, professional and helpful. Generally it was indicated that HRDC staff had made a valuable contribution to their council's development. This is quite a different view than is frequently expressed where the "bureaucrats" are seen as part of the problem and not part of the solution. SPI management and staff are viewed as having an even greater potential to provide

"services" to the sector councils by collating and synthesising information on the lessons learned from other sector councils.

There are, however, a number of areas of concern regarding the SPI process and sector council needs that could be addressed by SPI. A number of sector councils at all levels of development and operation expressed frustration with the lack of clear guidelines. In particular, they believed there is a need for some type of clear policy statement and a guidebook for the establishment of sector councils. Several sector councils' respondents felt they were "working in the dark" setting up the council, and had been frustrated when they received conflicting information from HRDC (concerning SPI regulations). The sector councils had very little understanding of the initiative or the process, during the early stages of negotiations with HRDC.

SPI's senior management has indicated that these problems stem from the fact that this Initiative was a learning process for them. The SPI process has evolved over time and was not based on a static program model. There is a desire to remain as flexible as possible in administering the SPI, and in order to do this the fewer hard and fast rules there are the more readily the SPI can remain flexible to meet the variety of situations that may arise. In addition, the new reporting structure within HRDC has changed, integrating all sectoral components: sector studies, sectoral data development, sector councils, occupational standards, skills upgrading, sectoral youth internship and national sectoral adjustment service. This new organizational structure will facilitate internal and external communications.

Some sector councils expressed frustration and confusion with the changing approach and "rules" of the SPI. They did not understand why certain approaches such as training trust funds or downside adjustment activities were allowed for some sectors and not for others. This is unfortunately an erroneous perception of the source of funding for these councils. The funding for the downside adjustment and training trust funds did not originate with SPI funds and, therefore, are not part of the SPI. This misperception creates confusion among the sectors applying for funding. SPI's senior management points out that this misconception has been explained to sectors and that furthermore, the SPI approach is very much focused on the needs and circumstances of a particular sector rather than all sectors having the same programs with the same funding levels.

There is also frustration with delays in receiving approval on proposals. Some of the sector council representatives emphasize the need to develop programs for delivery as quickly as possible so as to be in a position to generate revenue from implementation. There is also concern that delays in approvals may have a negative impact on enthusiasm and momentum. SPI senior management indicated that when approval is being sought for such large amounts, rapid approval would be unreasonable to expect. Also, unlike traditional contribution programs where often eligibility is the only consideration, the appropriateness of the strategic approach is more important under SPI. The assessment of a sector's strategic approach is a time consuming process.

The length of the developmental process, particularly the HR studies, was a problem for some of the sector councils. While the developmental stage was sometimes described as "drawn out", there is also a recognition that the process helped establish the partnerships necessary to effectively implement the operational phase. During the sector study, partnerships are forged and working relationships become established. It may be possible, in some instances, to look at a transition period between the HR study and the developmental agreement to formalize partnerships, prepare potential strategies, etc., early in the process.

3.2 Adequacy of the Sectoral Agreements

The sectoral agreements provide relatively precise statements of expected delivery results, but as mentioned previously, there is a lack of statements pertaining to the SPI objectives. For example, SPI has objectives related to improving the employability of workers but specific statements of employability objectives are absent from the sectoral agreements.

The cash flow and payment requirements of the sectoral agreements have evoked criticism from some sector councils. At least one council indicated that the distribution of funds should be increasing over the course of the operational agreement, not decreasing. The declining payments are problematic since many sectors experience greater development and implementation expenditures later in the life of the agreement after products and delivery mechanisms have been designed. A declining funding arrangement runs contrary to the experience of some sector councils. According to SPI

management, the argument for a declining funding formula is to increase the sector's ability to achieve self-sufficiency, allowing the sector over the four year (developmental and operational) period to take on increasing responsibility to fund their core operations.

The length of time between payment and costs incurred is an operational problem for some sector councils. This is largely a function of the requirements for a contribution agreement under the Financial Administration Act. This situation is not unique to contribution agreements under SPI and the cash flow provisions for contribution agreements cannot be circumvented.

Self-sufficiency has been a widely debated issue over the past two years. The plans for self-sufficiency have ranged from complete program self-sufficiency to covering basic operating costs. A formal definition, developed by HRDC in consultation with the sector councils, now clearly states that the self-sufficiency requirement for sector agreements refers to basic infrastructure costs of the sector councils. In the future, a more precise statement of self-sufficiency in the sectoral agreements could assist the councils in planning for self-sufficiency.

3.3 Design and Structure of the Sectoral Councils

Before examining the delivery results for the sector councils, we will provide a brief overview of the sectoral delivery mechanisms, services, products and programs. A crude dichotomy of the sector councils may be based on the focus of their programs and services. Some sector councils focus on developing occupational standards and related activities. For other councils, training curriculum development and/or delivery is a central feature of the sector council activities. In reality, sector councils represent a continuum of occupational standards development and training implementation and not a simple dichotomy. This dichotomy, however, is a useful heuristic tool for classifying sector councils.

One of the most interesting aspects of the sector council design and structure is the diversity of the services and products developed, including the following:

- skills inventories;

- occupational definitions and standards;
- creation of new occupational or professional designations;
- training course inventories;
- HR databases and tracking;
- HR seminars;
- curriculum development;
- prior learning assessments;
- training leveraging;
- piloting of training;
- training delivery;
- train the trainer programs;
- accreditation programs;
- equity initiatives; and
- youth initiatives.

The diversity in the sector councils is also reflected in the nature of their organizational structures (e.g., regional organization versus centralized structures), the partnerships developed, and the types of workers served. Some sector councils have focused on the needs of large and small companies while others have focused on the needs of small companies or large companies only. This is sometimes dictated by the nature of the industry. Some industries are comprised almost exclusively of large companies while others are characterized by smaller firms.

There are differences in the types of workers served among the sector councils. While most sector councils focus on the broader workforce within their sector, some sector councils target specific occupational groups. These sector councils are typically cross-sectoral councils, structured around a specific occupation or type of employment (e.g., FITT and Logistics). Another type of cross-sectoral council is Women in Trades and Technology (WITT) which serves a specific segment of the labour market rather than a specific occupational group.

This diversity in the design and structure of the sector councils reflects the diversity of the needs in the different sectors and it is not possible to endorse one approach over another. Some preliminary observations include the following:

- Focusing exclusively on smaller firms leaves out a large segment of the workforce in some sectors and limits the impact of the sector councils activities. Another drawback is that larger firms are often a main source of financial support for the sector councils. Excluding these larger firms can hamper the sector councils' efforts to achieve their self-sufficiency goals.

- In at least one case, a large number of representatives on a sector council board rendered it unmanageable and the decision making became virtually unworkable. The need to achieve broad representation must be carefully balanced against the need for an effective decision making process.

- The use of a sectoral regional infrastructure has been implemented by some sector councils to meet the needs of the industry. While a regional structure may be beneficial, there will also be additional infrastructure costs and additional effort required to coordinate and monitor regional activities. SPI management is also concerned that these regional structures may detract from the purpose of having a national sectoral strategy and, in addition, that industry may have difficulty supporting a multi-level infrastructure.

One of the most important characteristics of the delivery is the joint labour-management design and delivery of the programs and services. The representation of labour and management into the process is viewed as critical to the acceptance of the products and services within the sectors. This process is also expected to have longer-term positive impacts on the relationships between labour and management as they learn to co-operatively solve the human resources issues in their sectors. The joint labour-management process has worked exceptionally well in many sectors considering the different objectives of these stakeholders and the often long history of an adversarial relationship in their labour-management negotiations. The start-up phase of the sector councils has progressed slowly in some cases as labour and management had to adapt to this joint process. In some cases, however, differences between labour and management continue to hamper progress.

Awareness and Take-Up

One issue to be addressed in the evaluation concerns the level of awareness and outreach sectoral agreements (councils) have achieved. Awareness levels and take-up vary substantially across the sector councils. Most councils are generally uncertain as to the level of awareness they have achieved. Most are still in the early stages of operation, and conducting marketing and public relations activities to make themselves known. Survey data and related information sources on the more mature sector councils indicates that awareness levels are relatively high among employers. In some cases, the awareness of the sector councils' activities and programs is even high among the employees.

In most cases, however, knowledge of the sector council or even its activities will be very low among employees. Employees may be aware of changes in training or occupational standards at their workplace but the origin of these changes will often be unknown to them. This is due in part to the systemic nature of the change. The awareness of the source of the changes does not influence the impact of the sector council on the workforce. It is the fact that the changes are implemented and the manner in which they are implemented which are most important.

Encouraging the workforce to participate in training or other HR practices, particularly if it is available at the workplace, does not appear to be a barrier to take-up of sector council services and activities. The main obstacle is to promote the adoption of the products and services of the sector councils among the employers. Councils have adopted different approaches and tools to communicate with firms and employees, including newsletters, advertising in trade publications and journals, direct mailing campaigns, telephone contacts and follow-up site visits, and attendance at conferences. Many councils face a particular challenge in building awareness amongst small firms within the sector. A number of companies are finding that a significant amount of personal marketing is required, which is time consuming.

Building awareness does not always translate into high take-up. There are numerous barriers to the take-up of sector councils' programs and services. One of the barriers is to develop generic products that will be seen as valuable complements to the proprietary training firms provide to their workers. This is a two-pronged problem. First, it may be difficult for the sector councils to reach consensus on the types of generic training that is needed. Most companies are very protective of their proprietary training and do not want the products developed by the sector to replicate this training. Second, even after consensus on generic training is achieved among the sector council representatives, it is still a difficult process to convince individual employers of the value of generic training.

There are other barriers to the take-up of sector council products and services, including:

- In attempts to leverage training or encourage participation in training programs, cost is a major factor. There are typically limited resources available for human resources development and firms are uncertain whether the benefits outweigh the costs.

- Formal training requires that workers are removed from production. Not only is this costly, but unpredictable peaks in work can interfere with training plans. Firms will often defer training plans for long periods of time until there is a slowdown in production demands.

- Another training barrier is concerns about "poaching". Firms that provide training may lose workers with considerable human capital investment to firms that do not provide training or related HR activities. The potential for "poaching" may be seen to be greater for the generic training sponsored by the sector councils. Once a sectorally based initiative reaches a critical mass of support and participation within the industry, this barrier can be reduced, if not removed, since other firms are making the same investments.

- In some cases, the involvement of organized labour in the sectoral initiatives is perceived as a threatening situation for non-unionized firms.

Overall, progress towards goals, in terms of take-up, lags behind original plans. Some of this is due to the above barriers, however, most can be attributed to delays in developing the products and services. Although the developmental phase technically ends with the submission of the sector councils' business plans and the signing of the operational agreement, the developmental phase actually continues as the sector councils refine the product and service concepts and develop them. This is a complex process and, not unexpectedly, proceeds more slowly than anticipated. The sectoral approach should not be viewed as a quick fix.

One area of improvement could be in the marketing efforts for the sector councils' products and services. Sometimes so much effort is required to develop the products and services that, excluding the initial needs assessment, not much effort is expended on developing marketing plans and strategies until after the products are near completion. Leaving a large gap in the marketing activities, between the time the needs assessment is completed and the product development, can create another lag in the take-up of programs and services in the sector. HRDC is currently exploring HRDC's and sectors' needs regarding communications strategies.

3.4 Systemic Change

One SPI objective is to fundamentally change the way in which HR practices are designed and implemented within industry. The SPI process, specifically the joint participation of labour and management, is a profound shift in the way in which HR practices have been developed and implemented in the past. The roles of other partners in this process, such as governments and educational bodies, has also changed in some circumstances. The SPI process has helped to depoliticize training and occupational standards. The products and services developed by the sector councils follow the needs of the industry and not the agenda of the federal or any other government agency. The strategies developed for each sector are developed in partnership with labour and management, who in turn deal with the education/training sector and the provinces. The involvement of the provinces expands the potential for systemic change. Many of the stakeholders believe that jurisdictional boundaries are being broken down because programs and services delivered by sector councils are industry driven and are not designed by any level of government.

An example of how jurisdictional boundaries have been changed is the participation of educational partners in the development of transferrable credits. The ability to transport college credits for sectorally developed training is a significant change in the way the educational system has responded to the needs of industry. There has even been a recognition of workplace based learning by the community colleges.

The sector councils have also influenced how schools and colleges develop curricula. The SPI process has resulted in schools and colleges modifying their courses to make them more relevant to the needs of the sector.

The process of using nationally representative sector councils for developing national occupational standards is another important change. In the past, standards development often began at a provincial level and then efforts were made to derive national standards from these provincial standards. The systemic change can be traced through the flow from the development of standards, to training standards, to curriculum development to training.

3.5 Equity Issues

There are several different aspects to HR practices and the equity issue, including:

- is there equitable distribution across the workforce?;
- greater access and participation for employment equity groups; and
- equal access and participation for employment equity groups/specific employment equity initiatives.

In terms of equitable distribution across the workforce, some sector councils have brought about significant shifts in the training focus of the participating firms. Traditionally, training, except for health and safety, was provided for management and the more highly skilled workers within a firm. The implementation of the training programs has broadened the availability of generic skills training to production workers and workers with lower skills. Occupational standards, except in cases where the focus is only on one type of occupation, has broad impacts across the labour force within the sector.

If the programs and services sponsored by the sector councils results in large incremental increases in training and other HR practices, then all segments of the labour force will benefit, including employment equity groups. For example, the increased availability of training will lead to more equity group members being trained.

Even if employment equity groups benefit from increased HR activities within the firms, the question remains whether they benefit equally? Is there equal access and participation? To answer this question required precise information on equity group participation in sector council sponsored programs and services and information about the representation of equity groups within the sector. However, few sector councils track this information and in some cases equity is a very sensitive issue.

Other indicators included examining which sector councils have implemented the following employment equity initiatives:

- representation of employment equity groups on the sector councils or special committees;

- outreach programs for employment equity groups;
- ensuring that employment standards, training curricula and methods are bias free; and
- providing training for trainers on employment equity issues, ensuring that employment equity groups are represented among the trainers.

Few sector councils have implemented any of these employment equity initiatives despite the requirement with the sector council agreements to address employment equity issues. Examples of employment equity initiatives undertaken by the sector councils include:

- ***APSTC:*** APSTC's anti-harassment policy is explained during the "Auto Parts Certificate" curriculum and the notion of "respectful classrooms" is stressed. Trainers are instructed in recognizing and acting on harassment in the classroom. In the design of the curriculum, attention is paid to avoid bias based on sexual orientation, gender or race. Text, examples and images are reviewed carefully.
- ***CARS:*** CARS has undertaken a study of women enroled in automotive apprenticeship programs to obtain information on how to modify the program to meet the needs of female apprentices. CARS has also made a special effort to target women in their Career Choice program. CARS worked closely with WITT to design this program and develop recruitment efforts that target women.

Although more equity initiatives are also being developed in conjunction with the Youth Initiatives, the above examples are exceptions rather than the norm. To increase the number of employment equity initiatives, the terms of reference for sector studies could ensure that equity issues are identified and SPI should ensure that the business plans specifically deal with equity issues. It should be noted that it is difficult to change the composition of the workforce unless the industry (or firm) is hiring new employees. Programs based on recruitment, such as the Youth Initiatives, can address compositional inequities; other opportunities are limited but should not be overlooked. SPI management has indicated that HRDC should be doing more to assist councils in identifying opportunities for sector councils to incorporate employment equity initiatives when the sector councils are developing the programs and services. In many cases it would be very easy to include some special considerations for employment equity groups during the design than trying to "tack on" a component later.

In order to increase employment equity activity undertaken by the national sectoral organizations, an employment equity committee has been formed within the Human Resources

Partnerships Directorate at HRDC. The mandate of the committee is to provide assistance to the HRDC delivery consultants and national sectoral organizations in promoting employment equity to the sectors, identifying employment equity issues within an industry, and developing and monitoring employment equity strategies that are responsive to the human resource issues of the industry.

The intent is to integrate employment equity into the various aspects of the SPI. For instance, under occupational or skills standards, the core criterion for occupational standards indicates that all proposals must clearly outline that the standards and related processes which are developed will not result in barriers leading to inequitable access to the occupation.

3.6 Self-Sufficiency

There are several rationales for implementing the three year self-sufficiency clause in the sectoral agreements, including:

- to enable the SPI to cover more sectors by reducing the demand for ongoing support from existing sector councils;
- to ensure that the sector councils are relevant to the needs of the industry (failure to obtain industry support is a strong indicator that industry does not value the products and services offered by the sector council);
- to ensure the buy-in from the industry is real;
- to reduce perceptions that the sector councils are an extension of the government;
- to ensure stability and protection from government fiscal constraints;
- to achieve greater autonomy while maintaining a partnership with the government; and
- to ensure that sector councils are not federal "agencies" but rather are private sector bodies.

A central issue to the sector councils is expectations regarding the achievement of self-sufficiency, based on what is meant by that term. The self-sufficiency rationale itself is debatable depending on what types of activities and associated expenses are being discussed. The original self-sufficiency discussions between HRDC and the sector councils included both basic administrative costs as well as program development and delivery costs. Recently, HRDC has formally defined self-sufficiency referred to in the sectoral agreements as pertaining to basic administrative costs only (i.e., core operational self-sufficiency). This is a formal recognition on the part of HRDC that not all aspects of sectoral council activities may be capable of becoming completely sustainable on their own.

As mentioned above, part of the rationale for core operational self-sufficiency is to enable the program to support numerous sector councils using a limited pool of funds. Core operational self-sufficiency is one means of achieving outreach to numerous sectors (originally the plan was to implement 55 sector councils). As sector councils achieve core operational self-sufficiency, funds would be available to fund new sector councils.

This rationale cannot be easily extended to complete sector council sustainability (i.e., breaking even including program development/delivery expenses). Striving to break even completely could, in some cases, compromise other objectives. For example, in pursuit of this larger goal, eliminating council funding to companies which was implemented to increase training activity through leveraging training funds, would likely mean a decline in the amount of training. As well, the charging for services, products and programs offered by the sector councils may restrict access according to the ability to pay.

The less plausible or more difficult aspect of the SPI approach was the original assumption that progress would proceed rapidly to self-sufficiency. First, there was generally wide-spread optimism in HRDC and among the sector councils that industry was capable of quickly implementing the plans and initiatives formulated during the developmental stage. While some sectors have made substantial progress, the activities of many sector councils are a year or more behind schedule. The process of building working partnerships, refining plans and reacting to new needs took most councils longer than expected. This deviation from the implementation plans has also had impacts on the ability of some sector councils to achieve self-sufficiency within their originally planned timeframe.

It may be possible that the operational stage is beginning too early; it is difficult to generate significant revenues before the products are available. Moreover, the ability to design and implement products and services and the ability to become self-sufficient are two different measures of success and should be measured on separate time tables. If a sector council has had difficultly designing and implementing programs and services, this is not a self-sufficiency issue, it is a delivery or relevance issue.

Sector council difficulties meeting the original product development and cash flow projections are compounded by changes in government priorities. For example, considerable efforts were required by some sector councils to respond to the Youth Initiative, which detracted from the progress on their original business plans. As sector councils are asked to consider new government priorities, this may become a more important cause of delays in other sector council activities. SPI's senior management indicated that with the SPI, HRDC and sector councils embark on a partnership activity when their agenda coincide.

The sector councils also indicated that in some cases they are providing services (not required for their own programs) on behalf of the government (e.g., providing input on new initiatives, providing information on the sector, attending conferences arranged by the government, etc.). Although the sector councils would agree that they are often the best mechanism to provide these services, the additional resources represent an unfair financial burden in light of the self-sufficiency requirements. In order to assist the sector councils in meeting their financial obligations under their agreements and still provide the government with services, the sector councils believe these additional services should be paid for by contracts or contribution agreements.

CHAPTER

4 CONCLUSIONS

The purpose of this chapter is to present our summary observations and conclusions derived from the information collected during the formative evaluation of SPI.

4.1 Rationale

Relevance to Sectoral Needs

The rationale for the SPI is still valid and relevant to sectoral HR issues. The flexible, national, labour-management partnership approach is considered effective by both the private and public sector. The joint labour-management approach is also supported by existing research on HR practices. The flexible approach, which allows each sector to define its HR needs and the appropriate actions to be taken, implies that not all of SPI's objectives or priorities may be addressed or even relevant in each sector council. Overall, however, there is a good match between the sector council needs and government priorities for human resources development practices.

Adapting to Change

Generally, the sector councils are very willing to respond to new government initiatives. Not all sector councils have been able to respond to changing government priorities and the new initiatives launched under the SPI. Introducing new initiatives can interfere with meeting original plans and timetables of sector councils. The sector councils emphasised the need for the government to be flexible, allowing each sector council to respond to new government priorities according to each sector's needs and resources. SPI management stated that the intention of SPI is only to pursue new initiatives when there is a match between the sector council's needs and SPI.

Match Between SPI and Sector Council Objectives

There appears to be a good match between the objectives of the sectoral agreements and the SPI. Except for the process and delivery results, however, the linkages between the goals and objectives of SPI and the sector councils are not specified in the agreements. There should be a statement of intent regarding employability and firm level impacts in the agreements to clarify expectations for meeting SPI's broader objectives.

Public Support

SPI resonates well with the public agenda of a non-politicized approach to human resource programs and practices. Surveys of the general public reveal that public support for lifelong learning and the partnership approach is high. The public are less concerned about who is responsible for training and more concerned about getting something done.

4.2 Delivery Results

The SPI Process

There is some frustration with administration of the SPI, however, sector councils' opinions about SPI management and staff are very positive. SPI representatives were viewed as very efficient, professional and helpful. Sector councils would like to see even more services provided by SPI representatives, including information on lessons learned and a simplified methodology for updating HR studies.

From the standpoint of sector councils, there are a number of possible changes in the administration of the SPI that would either benefit the sector councils or improve the process, including:

- ❒ providing a clear understanding of SPI policies and procedures, particularly at the developmental stage;
- ❒ providing a clear statement of SPI objectives and expectations for each sector council in the agreements;
- ❒ providing a precise statement of the self-sufficiency requirement in the sector council agreements;
- ❒ in some instances, developing a transition period between the HR study and the developmental agreement to formalize partnerships, prepare potential strategies etc., early in the process; and

- developing a better match between the financial cash flow and expenditures of the sector councils and the (currently declining) payment schedule, although core self-sufficiency must be attained.

SPI management noted that the lack of guidelines and definitions stemmed from the fact that the program itself was evolving and it was a learning situation for the sector councils and program management. SPI management also intends to keep SPI flexible, even if it means some degree of ambiguity persists.

Design and Delivery

There is a wide diversity of and innovation in programs and delivery mechanisms as a result of the sectoral partnership approach. It is unlikely that a single traditional government program could have yielded such diversity and innovation. This diversity reflects the different perceived needs within each sector. The diversity will provide an opportunity to explore how different types of programs and services meet the needs of labour and management in a variety of labour markets. This diversity could also lead to possible duplication of effort. Therefore, it is important for the sector councils to maintain their lines of communication and for SPI to provide information on the lessons learned. This does not imply that the sector councils will become homogeneous in their approach to HR issues and the programs and services they develop.

One of the most important characteristics of the delivery is the joint labour-management design and delivery of the programs and services. The joint labour-management process has worked exceptionally well in many sectors considering the different objectives of these stakeholders and the often long history of an adversarial relationship in their labour-management negotiations. In some cases, however, differences between labour and management continue to hamper progress.

Significant progress was found in product development and firm-level take-up. These results vary substantially by sector councils, although progress consistently lags behind original plans. The sectoral partnership approach is a complex process and should not be viewed as a quick fix.

One area of improvement could be in the marketing efforts for the sector councils' products and services. Sometimes so much effort is required to develop the products and services that, excluding the initial needs assessment, not much effort is expended on developing marketing plans and strategies until after the products are near completion. Leaving a large gap in the marketing activities, between the time the needs assessment is completed and the product development, can create another lag in the take-up of programs and services in the sector. HRDC is currently exploring HRDC's and sectors' needs regarding communications strategies.

Equity Issues

In some sector councils, there has been increased training activity which has benefited workers who traditionally received the least training. If the programs and services sponsored by the sector councils have high take-up rates, then all segments of labour markets, including equity groups, should benefit from these activities. Few sector councils, however, have implemented any specific employment equity initiatives despite the requirement in the sector council agreements to address employment equity issues. Although more equity initiatives are also being developed in conjunction with the Youth Initiatives, more resources should be devoted to identifying opportunities to incorporate employment equity initiatives during program design. In order to increase employment equity activity undertaken by the national sectoral organizations, an employment equity committee has been formed within the Human Resources Partnerships Directorate at HRDC.

Systemic Change

There is evidence of systemic change in HR practices as a result of the SPI initiative. The joint participation of labour and management in the sectoral initiatives is a profound shift in the way in which HR practices have been developed and implemented in the past. In some cases, educational institutions have become more responsive to the needs of the sectors, changing long standing approaches to the design of courses and the awarding of credits. Many of the stakeholders believe that jurisdictional

boundaries are being broken down because programs and services delivered by sector councils are industry driven and are not designed by any level of government.

Self-Sufficiency

There is a strong rationale for promoting self-sufficiency among the sector councils. Some sector councils have achieved core operational self-sufficiency and the evidence suggests that most sector councils could achieve core operational self-sufficiency, although most will not meet their original cash flow projections. Several factors contribute to the deviations from the original cash flow projections for the sector councils, including delays in implementing programs and services and responding to new government initiatives. The ability to design and implement products and services and the ability to become self-sufficient are two different measures of success. If a sector council has had difficultly designing and implementing programs and services, this is not a self-sufficiency issue, it is a delivery or relevance issue.

APPENDIX A
Update on the SPI Objectives

Update on the SPI Objectives

SPI is currently supplementing its original objectives. A statement of SPI's new, additional objectives follows.

Objective: "To increase and improve private sector investment in the development of human resources and to improve the labour market relevance of the Canadian learning system."

Activities:

- Human Resource Sector Studies
- Sector Councils
- Occupational Standards (Basic Skills and Prior Learning Assessment)
- Skills Upgrading
- Sectoral Youth Internships
- National Sectoral Adjustment Service

Key Results:

- Published sector studies reflecting consensus recommendations for action by private sector on key industry HR issues — helping Government decide on allocation of resources for key HR issues (i.e., defining the Government's share of the costs).

- Self-sufficient infrastructure to manage the implementation of sector wide HR strategy — reducing burden on Government to address all labour market issues in all sectors.

- Development by industry and adoption by training providers of national occupational skills standards — reducing cost of curriculum development by educational institutions and improving the relevance of training made available to all training consumers, including UI claimants, therefore reducing the likelihood of subsequent claims; and improving inter-provincial labour mobility.

- Increased industry investment in training — improving the skills of the labour force and reducing the likelihood of layoffs.

- Improved learning approaches and greater commitment from industry to the training of youth — reducing the likelihood of unemployment or underemployment for young Canadians.

- Increased private sector resources to resolving labour market issues — reduced Government resources to address such issues.

APPENDIX B
Process of Development for Sectoral Agreements

Process of Development for Sectoral Agreements

Given the unique nature and needs of each sector, the process by which sectoral partnerships develop varies somewhat from sector to sector. Each partnership initiative, however, passes through several phases of development. Exhibit B-1 presents the typical process of development for a sectoral agreement. It is important to note, however, that the development process is not strictly linear, and that the process can be altered to accommodate the specific needs of a sector.

Before a sector begins the process of development, it must be selected and approved for inclusion in the SPI. To date, some sectors have approached HRDC to express an interest, while others have been identified as candidates by HRDC. Potential sectors for consideration have also been suggested by Industry and Science Canada. All potential sectors are reviewed by a selection board or committee, which is made up of the Directors from divisions within the Human Resources Partnerships (HRP) Directorate: Sectoral Partnerships Delivery Division; Standards, Planning and Analysis Division; Sector Studies Division; and Occupational and Career Development Division. Potential sectors are analyzed using an economic model which incorporates a range of criteria relating to the composition and characteristics of each sector (representation of small businesses, extent of exports, etc.). Representatives of priority sectors identified are approached by HRDC. Not all sectors approached agree to participate.

For the purposes of this Initiative, sectors or sector groups are usually identified as a national group of companies, organizations or workers who share common human resource issues. Groups can also be those that provide a common service to a number of sectors. Eligible sectors are identified according to three basic criteria:

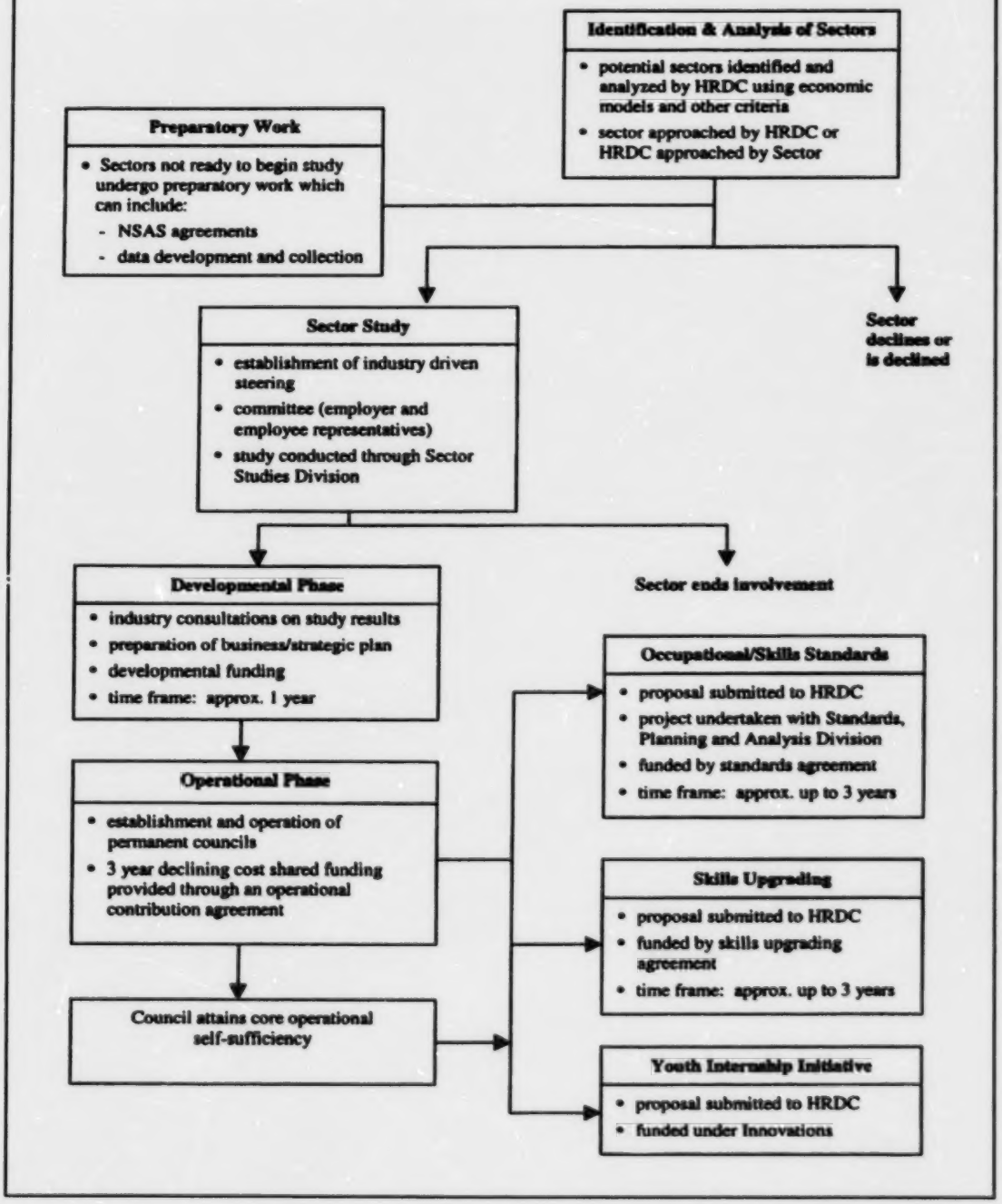
1. Sectors must be undergoing a critical change in their markets, the way they do business or the type of resources they employ. Specifically, a sector's human resource requirements will change, leading to displacement in some sectors and shortages in others. Sectoral changes can include technology, growth, restructuring, downsizing or changes in global competition.

2. The sector must compete internationally.

3. There must be indications the sector needs assistance adjusting to changing market conditions (i.e., can the sector take advantage of the changing market or does it require assistance to ensure that it remains competitive?)

When a sector becomes a participant in the SPI, the first step in the development of a sectoral agreement is generally a sector study. If the sector is not yet prepared to undertake this type of study (e.g., little consensus or existing partnerships), HRDC may start the sector with some preparatory work, including a National Sectoral Adjustment Service (NSAS) agreement or some initial data development and collection.

Exhibit B.1: The Sectoral Partnership Initiative
Process of Development for Sectoral Agreements


Identification & Analysis of Sectors
• potential sectors identified and analyzed by HRDC using economic models and other criteria
• sector approached by HRDC or HRDC approached by Sector
Preparatory Work
• Sectors not ready to begin study undergo preparatory work which can include:
- NSAS agreements
- data development and collection
Sector declines or is declined
Sector Study
• establishment of industry driven steering
• committee (employer and employee representatives)
• study conducted through Sector Studies Division
Sector ends involvement
Developmental Phase
• industry consultations on study results
• preparation of business/strategic plan
• developmental funding
• time frame: approx. 1 year
Operational Phase
• establishment and operation of permanent councils
• 3 year declining cost shared funding provided through an operational contribution agreement
Council attains core operational self-sufficiency
Occupational/Skills Standards
• proposal submitted to HRDC
• project undertaken with Standards, Planning and Analysis Division
• funded by standards agreement
• time frame: approx. up to 3 years
Skills Upgrading
• proposal submitted to HRDC
• funded by skills upgrading agreement
• time frame: approx. up to 3 years
Youth Internship Initiative
• proposal submitted to HRDC
• funded under Innovations

Currently, most sector studies are performed by the Sector Studies Division. Sector studies can be conducted through other sources (e.g., industry or government) but the study must be validated by the Sector Studies Division. While sector studies are funded and conducted through HRDC, the sector is involved throughout the process as members of a steering committee guiding the study project. Both employer and employee representatives of the sector participate in the steering committee. The sector study analyses the competitive pressures faced by the industry and identifies the current and future skill needs of the industry. The research conducted typically includes an analysis of:

- the competitive business environment, including international competition;
- occupations in the industry;
- the impact of new technology;
- employment trends;
- current training practices; and
- training and human resource issues.

As mentioned, not all sector studies have been conducted through the Sector Studies Division. To date, some studies have been conducted under an NSAS agreement, by Industry Canada or by the Canadian Labour Market and Productivity Centre (CLMPC).

If the results of the sector study clearly identify the need for a sectoral approach to address human resource needs, the sector typically proceeds to a developmental phase. The sector may also choose to end its involvement with the SPI following the completion of the study, or may choose to pursue an alternate process or intervention (such as an NSAS agreement).

The developmental phase lasts up to one year, during which HRDC provides funding through a contribution agreement to cover the costs of developing the sector council. Typically, the steering committee involved in the sector study phase spearheads the developmental phase as well. The developmental phase usually involves industry consultation regarding the results of the sector study, and the development of a business plan for the sector council. If the resulting business plan meets both HRDC requirements for the Initiative, and the sector's needs and objectives, the council is instituted and enters a three year operational phase.

During the three years of the operational phase, the council receives operational funding on a declining cost-shared basis from HRDC through an operations contribution agreement. The funds provided are intended to cover the administrative costs of running the council. At the end of the three years of the operational phase, the council is expected to be self-sufficient in terms of its core operational costs.

In addition to receiving funds to defray the costs of instituting and operating the council, many sectors enter into additional agreements with HRDC to fund specific human resource development initiatives. These agreements include Skills Upgrading projects and Occupational/Skill Standards projects. Funding for Skills Upgrading and Occupational/Skills Standards is also provided through contribution agreements. Proposals for these projects are submitted to HRDC by the sectors. Agreements for these projects are also typically for a three year duration. Occupational/Skills Standards projects are undertaken with the assistance of the Standards, Planning and Analysis Division, the HRDC standards specialists.

In addition to Skills Upgrading and Occupational Standards projects, sectors are now eligible for funding of projects under the new Youth Internship Initiative. While initial projects funded under the Youth Internship Initiative will be part of the Innovations program, this Initiative is expected to be an important vehicle for many sectoral agreements. As of January, 1996, proposals from seven sector councils had been approved for funding under the Youth Internship Initiative.

APPENDIX C
Sectoral Council Listing

Operational Sector Councils

- ❒ Automotive Parts Sectoral Training Council*
- ❒ Canadian Aviation Maintenance Council*
- ❒ Canadian Automotive Repair and Service Council (CARS)*
- ❒ Canadian Steel Trade and Employment Congress*
- ❒ Electric/Electronic Sectoral Skills Council
- ❒ Forum for International Trade Training (FITT)*
- ❒ Canadian Professional Logistics Institute*
- ❒ Canadian Trucking Human Resources Council
- ❒ Software Human Resource Council*
- ❒ Impression 2000 Graphic Arts Training Council*
- ❒ Canadian Council for Human Resources in the Environment Industry*
- ❒ Canadian Tourism Human Resource Council*
- ❒ Textiles Human Resource Council
- ❒ Horticultural Human Resource Council*
- ❒ Women in Trades and Technology (WITT)
- ❒ Cultural Human Resources Council
- ❒ Canadian Electronic and Appliance Service Industry
- ❒ Canadian Council of Professional Fish Harvesters

Developmental Sector Councils

- ❒ National Seafood Sector Council
- ❒ Aquaculture Human Resources Council
- ❒ Mining Industry Training and Adjustment Council

* Included in the case studies.

APPENDIX D

Evaluation Issues and Questions

Evaluation Issues and Questions

One of the primary objectives of the methodology development phase of the evaluation was to refine the evaluation issues and to develop a series of specific evaluation questions which would, in turn, help determine the scope of the evaluation. In developing a final set of evaluation issues and questions, the original four issue areas identified in the Evaluation Framework were altered and expanded to accommodate the varied questions and issues the evaluation must address. The final broad issue areas proposed are the following:

- rationale;
- delivery;
- impacts and effects;
- efficiency and cost-effectiveness; and
- alternatives.

Below is a brief discussion of each issue area, and the specific evaluation questions for each issue group.

It is important to note that the specific issues and outcome measures to be analyzed will vary for each sector council depending upon the unique set of objectives, activities and outputs of each council.

Rationale

1. Are the Sectoral Partnership Initiative and sectoral agreements relevant to current and evolving sectoral needs?

Training and human resource planning and development issues have been identified for each sector through sector studies and through discussions amongst partners in each sector. Are the identified needs of sectors being met? The evaluation will examine this issue at two levels:

- the relevance of the SPI to the varied needs of sectors; and
- the relevance of the sectoral agreements to their sectors.

At the aggregate level of the SPI, it will be necessary to examine the responsiveness and flexibility of the Initiative to sectoral needs, and whether the approach, objectives and guidelines of the SPI are consistent with these needs. The question of relevance of the sectoral agreements to sectors then examines how well the individual agreements have been able to address sectoral needs, including needs of firms and workers. For councils established after a sector study, needs are identified in the study. However, in many cases, needs were prioritized for action and sectoral agreements will not address all needs in the same timeframe. It will be important to identify the current priority sectoral needs through discussion with council and sectoral representatives.

An additional important question under the issue of relevance is the ability of both the SPI and the sectoral agreements to adapt and respond to changing needs over time. The human resource issues of sectors can be expected to change significantly over time with changes in market forces, changes in the labour force, economic changes, etc.. There have already been significant changes in needs in the time that the current councils have been operating. For example, in the sector study conducted for Aviation Maintenance in 1991, a shortage of skilled workers was identified as a major issue. Since that time, the sector has faced significant downsizing to remain competitive, and the availability of entrants has become a more long-range concern. As with the original sectoral needs, new or changing needs must be identified through discussion with council and sectoral representatives, including both employers and employees.

An additional important consideration under the issue of relevance concerns sectors that are not participating in the SPI. Why have some sectors decided not to pursue a sectoral agreement? The reasons for non-participation will be explored, as well as the potential relevance of the SPI to the needs of the non-participating sectors.

In addition to looking at sectors that have ceased their involvement in the SPI, the evaluation will look at sectors that have had no involvement to date in the initiative. How many of these sectors have initiated human resource partnerships without government assistance? What are the objectives, structure, activities of any initiatives established outside of the SPI? How do these sectors and their initiatives compare to sectoral agreements?

2. Are the goals and the objectives of the sectoral agreements consistent with the SPI?

The goals and objectives of the SPI will be realized, ultimately, through the sectoral agreements. It is important, therefore, to verify that the sectoral agreements are indeed consistent with the intent of the SPI. Consistency between agreements and the SPI will be an additional indicator of the relevance of the SPI to sectors. Consistency is also important if the overall objectives and intended impacts of the SPI are to be fulfilled. It will be important to consider not only the stated objectives contained in legal contribution agreements, but also the perceived objectives and deliverables of sectoral agreements. Are the perceptions of HRDC and sectoral representatives consistent?

3. Are the lines of accountability clearly understood and agreed upon?

Given the fact that SPI objectives and intended impacts are ultimately achieved through sectoral agreements, clear lines of accountability are critical. Are sectoral agreements accountable for specific results? Is this accountability understood and agreed upon? In particular, it will be necessary to look at if and how lines of accountability are specified in SPI documents and legal contribution agreements, and what lines of accountability are implicity understood by both sectoral representatives and program officials.

Furthermore, the evaluation will also examine to what extent accountability varies for the delivery of the outputs of councils and the broader impacts and effects of the SPI.

4. *Is the Initiative's current design plausible?*

This issue is concerned with whether the current design of the SPI makes sense given effectiveness of previous sectoral approaches, current knowledge and results of similar foreign and domestic approaches. How effective were previous or alternative approaches in meeting the objectives pursued by the SPI?

This issue is also concerned with whether the Initiative is relevant to current and future operational environment. Does it fit in with the larger political and policy environment? This issue involves an analysis of the expected directions of public policy.

Delivery

5. *Have the intended outputs of the sectoral agreements been achieved?*

This first delivery question concerns achievement of the intended outputs of sectoral agreements. Intended outputs are determined in the development of the sectoral agreement, and are typically spelled out in business plans and the contribution agreement. While some adjustments to the intended outputs may occur over time due to changing needs, most intended outputs can be expected to remain the same. Some of the main outputs of sectoral agreements may include:

- ❒ occupational/skills standards;
- ❒ training curricula and accreditation/certification;
- ❒ training programs;
- ❒ educational standards and accreditation programs; and
- ❒ youth internship projects.

Additional outputs may include communications programs, adjustment services, information systems and products, etc..

To what extent have these intended outputs been delivered? Have they been fully implemented and delivered? For example, of the occupations that were to be analyzed and standards developed, what number or percentage were completed? Of the training curricula that were to be developed, what number or percentage were completed?

6. *Have the sectoral agreements produced effective partnerships?*

The sectoral initiatives are based on partnerships involving employers and employees. In addition to the employer/employee partnership which is the foundation of the agreement, educational institutions, provincial governments and other federal departments are expected to be important partners in sectoral agreements. These partnerships are expected to stimulate private sector interest in human resource issues, improve private sector training efforts, and result in a better trained workforce. One of the key questions the evaluation must answer concerns the impact of the SPI and sectoral agreements on the incidence and effectiveness of partnerships.

Partnerships, and variables that may affect their effectiveness, vary from sector to sector. In evaluating the impact of the SPI on sectoral partnerships, and the effectiveness of these partnerships, it will be important to consider factors such as: diversity of the sector (activities, geographic, etc.); diversity in partnership participants (number of unions, employer or employee associations, educational institutions); history of relationships amongst parties in the sector (cooperative, conflictual) and the partnerships which preceded the agreement; and economic conditions and issues to be addressed within the sector.

In looking at whether the sectoral agreements have produced effective partnerships, it will be necessary to consider:

- the number of new partnerships established as a result of the sectoral agreement or how partnerships have been altered as a result of the agreement;
- the sectoral coverage of partnerships (e.g., what number or percentage of firms and workers are included in the partnership);
- tangible results (i.e., outputs) of partnerships;
- the effectiveness of the partnership process (e.g., timeliness, resolution of conflict, etc.);
- the impact of the sectoral agreement on the effectiveness of existing partnerships (e.g., impact on industrial relations); and
- impact of the council on industry/government partnerships and communications.

In analyzing the impacts of the sectoral agreements on partnerships, it will also be important to compare partnerships within sectoral agreements to partnerships in sectors that are not involved in the SPI. Have sectors not involved in the SPI established employer/employee and other partnerships aimed at addressing human resource development issues? On what basis can these be compared? How do the results, effectiveness and impacts of these partnerships compare to those established as a result of the SPI? Before comparing SPI partnerships to others, it will be important to examine the structure, activities and objectives of other partnerships to ensure that valid comparisons are made.

7. Have the sectoral agreements led to appropriate and effective human resource development programs and practices?

The previous issue looks at whether the intended outputs were delivered, while this issue is concerned with the extent to which the outputs delivered were appropriate and effective. Measures that may be used to answer this question include:

- ❒ funds committed to programs developed as a result of the sectoral agreement;
- ❒ funds levered from firms and individuals compared to government sources;
- ❒ program take-up (number of firms and workers involved);
- ❒ amount of portable/generic training that has resulted from the sectoral agreement versus company specific training offered; and
- ❒ satisfaction of firms, partners and workers with the human resource initiatives developed.

An important sub-issue or question is: To what extent changes in human resource development practices can be attributed to the activities of the council? It is important to be able to attribute changes in human resource development practices to the activities of the sector councils. It is not sufficient to simply measure changes over time, but one must be able to state that these changes in the quantity and quality of human resource development practices would not have occurred without the interventions of the sector council agreements. Indicators for this sub-issue will require measuring changes in practices over time and comparisons between participating and non participating firms.

A second sub-issue or question is: How are trade-offs in the optimal benefits from human resource development activities for employers and employees reconciled? While sectoral agreements are partnerships between business and labour, it is inevitable that the needs and preferences of workers and firms will at times conflict. What discrepancies exist between the needs of firms and employees? How are these issues resolved? Furthermore, it is possible that the overall needs of the sector may conflict with those of individual firms and/or workers.

The issue of whether these practices are effective is a question that defines the overall approach to the evaluation of SPI. First, the impact of the sector council's on human resources development practices will be assessed. The second part of this issue is to examine how effective different types of human resources development practices are regardless of whether they are linked to sectoral activities or not. Once the effectiveness of different practices are known, the evaluation can then answer whether the sector councils are implementing effective practices.

8. Are sectors becoming financially self-sufficient over time?

From the perspective of the councils or sectoral agreements, it is important to distinguish between two types of costs: administrative costs involved in operating the council or agreement, and program costs involved in developing and delivering initiatives, such as training. Councils are expected to achieve self-sufficiency in terms of administrative or core operating costs. However, some may also achieve cost recovery in terms of program costs.

In looking at the issue of core operational self-sufficiency and the success of sectoral agreements in achieving this goal, it is important to consider whether the sectoral organizations have established a position in the market-place where its services are in demand and valued by the private sector. In order to achieve the self-sufficiency goal established under SPI, each council will require support and buy-in from the sector. For this buy-in to occur, the products and services offered by the council must meet a need, and be valued by firms and workers.

In examining the capability of sector councils to become sustainable on their own, the evaluation must consider:

- success of the sectoral agreements in achieving self-sufficiency after the initial three year operational phase and the continued success and operation of the sectoral agreements independently of HRDC after the three-year agreement;
- the relative success of the financing strategies employed in different sectoral agreements;
- the progress of the sectoral agreements in developing new sources of funding over and above government contributions;
- comparison of firm and worker contributions (direct and in-kind) to government sources of funding; and
- extent to which activities initiated by the councils continue after government assistance ends.

9. a) What level of awareness and outreach has SPI achieved?
b) What level of awareness and outreach have sectoral agreements achieved?

The issue of awareness and outreach must be addressed at two levels: the overall initiative; and the sectoral agreements.

In terms of the SPI, the evaluation is concerned with awareness, access and take-up of the Initiative amongst sectors. Are eligible sectors aware of the SPI? What level of participation is being achieved? Is there equitable access to the Initiative? The target number of sectors to be covered under the SPI has been reduced to about 35 from the original 55-60 (due to cutbacks). Awareness and take-up will therefore be restricted.

At the level of the sectoral agreements, the evaluation is concerned with awareness of the sectoral agreement amongst firms, and outreach of the sectoral agreement to firms and workers within the sector. Measures of the outreach of the agreement include equitable take-up of products and programmes offered by firms of all sizes and types, equitable access to training by all employees, and the extent of buy-in of firms into the sectoral agreement through membership and financial support. Awareness of the sectoral agreement amongst firms will likely occur within the first year of operation as most sectoral agreements include a communications strategy with their business plan. Equitable access for firms based on size is important as meeting the needs of small and medium businesses is one of the objectives of the SPI.

Impacts and Effects

10. What are the impacts of human resources development practices on sectors and firms within the sectors?

The sectoral agreements can be expected to have impacts at several levels: workers, firms, sectors, and society. Before the evaluation can assess the impacts of the sector councils, it must first assess the impacts of HR practices in each of the sectors, whether they are linked to the sectoral initiative or not.

This issue examines the impacts of HR practices at the firm and sector level. Impacts at the firm and sector levels will vary, depending upon the type of HR practice. Activities related to training, education, and occupational standards will all have distinct impacts. Furthermore, the exact impacts will vary depending on the nature of the specific HR practice.

The precise intended impacts of HR practices will be identified in close consultation with council representatives to ensure the most appropriate measures are examined. Impacts may include:

- ❒ increased awareness and knowledge of human resource issues and solutions;
- ❒ increased human resource development planning within firms;
- ❒ development of a training culture within firms;
- ❒ change in public image of sector;
- ❒ improved quality of education and training;
- ❒ increase in training activities;
- ❒ change in attitudes towards training and human resource development;
- ❒ increase supply of skilled entrants;
- ❒ improved skills of the existing workforce;
- ❒ improved flexibility of workers;
- ❒ improved school-to-work transition;
- ❒ access to training;
- ❒ improved industrial relations;
- ❒ increased productivity;
- ❒ decreased turnover and increased morale; and
- ❒ increased investment in training.

These impacts have not been directly linked to specific types of initiatives (e.g., training, occupational standards). Each impact may be attributed to a specific initiative or to a combination of sector initiatives. Precise impacts and effects will be identified by council/sector.

Given the emphasis on meeting the needs of all firms, large and small, it will be important to measure and compare the impacts on different types of firms.

Furthermore, this issue will attempt to define the pre-conditions for success at the firm level. What conditions are conducive to the development and implementation of effective training and other human resource initiatives?

This approach diverges substantially from the traditional "black box" approach which would only look at difference in program outcomes for sector council program and services participants versus non-participants. The "glass box" or "clear box" approach concentrates on what human resources development practices work regardless of whether they are implemented in the participant or non-participant groups. Thus information collected from survey data on human resources development practices and outcomes can be pooled for both sector council program and services and other sector programs and services. This analysis provides a diagnostic tool which is not tied to a "pass-fail" approach to evaluation but which generates information on what works best and how to improve the current program and services offered. For sector councils who have a number of different major programs or services, a simplistic effective/ineffective assessment overall would be of no use for the sector council or SPI's senior managers. The pass-fail results are also not useful to SPI management who will want to know how the SPI can be improved. The diagnostic analysis should not only indicate what works and what doesn't, but, more importantly, it should determine whether the new approaches implemented through the sector councils are more effective than the types of human resources practices used prior to the implementation of the sector council activities. This approach also avoids some of the attribution difficulties for sector councils where it may be possible to measure an impact on human resources development practices at a firm or sector level, but identifying a specific human resources development practice that is a result of the sector council activities may not be feasible.

11. What are the impacts of HR practices on workers?

At a more micro level, the evaluation will also measure impact of the HR practices on workers and the rate of the sectoral agreements. As with firm and sectoral impacts, the exact worker impacts will depend on the nature of the HR practices. Participation in training programs will have very different impacts from the introduction of occupational standards, for example. Potential impacts at the worker level include:

- changes in employability, wages and benefits, mobility and skills;
- changes in worker flexibility, confidence, motivation, job satisfaction; and
- increased access to appropriate training; and
- change in attitudes towards training.

The evaluation will also define the pre-conditions for success at the worker level. What conditions ensure effective and equitable take-up of training and other initiatives by workers? What pre-conditions are favourable to maximizing the positive impacts of training on workers? What approaches yield the greatest benefits will also be an important sub-issue at the level of workers.

12. What is the impact of the sectoral agreements on the economic health of sectors?

HR practices, sectoral agreements and the SPI are expected to have a positive impact on the economic health and competitiveness of sectors over the long term. The issue of improvements to the economic health of sectors will be a particularly difficult one. Indicators will not be identical for all sectors. As well, there is the issue of attribution: to what extent are improvements in economic health due to the operation of the council? Other factors in the environment, such as introduction of new technology and R&D, may also affect the overall health of an industry.

Precise indicators and the measurement of competitiveness impacts will be a topic of discussion with sectoral agreement representatives. Examples of potential indicators which may be used include the following:

- ❒ increased productivity;
- ❒ increased profitability;
- ❒ decreased incidence of failure;
- ❒ increased exports; and
- ❒ hiring increases, reductions in job vacancies.

As with the issue of impacts on economic health, attribution will bear important consideration. It will be very difficult to assign cause and effect for measures such as productivity, turnover, morale.

13. What are the societal impacts of the SPI and sectoral agreements?

Finally, the evaluation will examine the impacts of HR practices and the contribution of sectoral agreements at the societal level. These impacts are extremely difficult to measure. It will be next to impossible to quantify impacts attributable to HR practices and sector councils. However, the evaluation will examine observable societal impacts of the SPI and sectoral agreements. Important impacts, that will be more easily measured, will be the systemic changes in the development and implementation of national training and occupational standards. The impacts on jurisdictional boundaries and the role of the educational system and the provinces will be assessed. Other potential impact includes reduced demand on UI as individuals receive improved access to economic opportunity and the mobility of workers improves due to increased, portable training. A second societal impact might be an improvement in the overall health of the economy.

14. Is there a stronger sense of responsibility and control within the private sector in terms of labour force training and human resource issues as a result of SPI?

A key result of the successful delivery of the Initiative is that the private sector is to become more involved in human resource development issues and is to assume more of the responsibility for training. This issue seeks to determine the extent to which the Initiative has provided the private sector with an increased sense of responsibility and control with respect to training and human resource development as a result of the Initiative.

Indicators for this issue will include:

- ❒ number of firms developing and implementing human resource or training plans;
- ❒ increase in the importance the private sector attaches to human resource development;
- ❒ increased private sector initiative in acting on human resource initiatives (program take-up, increase in training activity, etc.);
- ❒ funds levered for investment in training; and
- ❒ increase in worker responsibility and control for training and development.

Efficiency and Cost-Effectiveness

15. What is the relative efficiency and cost-effectiveness of the activities of sectoral agreements?

An important issue to the councils or sectoral agreements is the issue of relative efficiency and cost-effectiveness of sectoral activities and initiatives. How does the delivery of services differ amongst sectors? In many cases, a number of sectors will be implementing similar types of activities or initiatives. Each sectoral agreement will have their own approach to similar issues or types of activities. The evaluation will compare the relative efficiency and cost-effectiveness of the sectoral approaches within each sector. What lessons can be learned from councils? What works best? What approaches should be avoided in the future? The results of this evaluation question will provide sectoral agreements with valuable and practical information that will assist them in maximizing the efficiency and cost-effectiveness of their agreement. In addition to looking at the relative effectiveness of different sectoral initiatives, comparisons will be made to the alternatives. The alternatives will be the HR practices in existence prior to the sector councils. For example, if firms were purchasing courses from private trainers previously, the costs of this would be the alternatives examined.

The evaluation will also explore the optimal mix of services to meet different sectoral needs.

16. Is there any overlap in constituencies in sectoral agreements?

The criteria used to define sectors include both SIC defined sectors and cross-sectoral groupings or alternative definitions of sectors. While this approach has allowed the SPI to be flexible in accommodating sectors and their needs, there is a potential for some overlap in the constituencies of the sectoral agreements. The existing and proposed sectors will be analyzed and compared to determine whether overlaps exist, and if so, how they are being handled.

Furthermore, an additional related evaluation question concerns whether there is any overlap between the objectives, activities and outputs of the SPI and other government programs. Other related programs may exist at the federal and provincial level. A few of the current agreements are receiving joint funding from HRDC and the provincial governments. Other sectors received assistance in the past (particularly during sector studies) from other federal departments.

Alternatives

17. Are there more cost-effective alternatives to the SPI and the sectoral agreements?

The issue of whether there exists more cost-effective alternatives must be examined at two levels: at the level of the overall initiative and at the level of the sectoral agreements. At the macro level, are there more cost-effective means of attaining the purpose and objectives of the SPI available to HRDC? This may be considered in two ways: could the benefits/effects of the Initiative be enhanced/improved

within the existing budget? To answer this question, the evaluation will examine potential alternatives to the SPI and the relative cost effectiveness of these alternatives compared to the SPI.

At the level of sectors, are there more cost-effective means of addressing the sectoral issues and objectives than sectoral agreements? This issue will involve examining the prior HR practices of the sectors as the alternatives available.